

Ministre des Services publics  
et de l'Approvisionnement  
et de l'Accessibilité  
Receveur général du Canada



Minister of Public Services  
and Procurement  
and Accessibility  
Receiver General for Canada

Ottawa, Canada K1A 0S5

**JUN 06 2019**

Mr. Charles Robert  
Clerk of the House of Commons  
House of Commons  
Ottawa, Ontario K1A 0A6

Dear Mr. Robert:

Enclosed for tabling in the House of Commons, pursuant to House of Commons Standing Order 109, please accept this as the Government Response to the Fifty-eighth Report of the Standing Committee on Public Accounts Entitled "Report 2, Disposing of Government Surplus Goods and Equipment of the 2018 Spring Reports of the Auditor General of Canada"

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carla Qualtrough'.

The Honourable Carla Qualtrough, P.C., M.P.

Enclosures



The Honourable Kevin Sorenson, P.C., M.P.  
Chair  
Standing Committee on Public Accounts  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Mr. Sorenson:

Pursuant to House of Commons Standing Order 109, please accept this as the Government Response to the Fifty-Eighth Report of the Standing Committee on Public Accounts Entitled “Report 2, Disposing of Government Surplus Goods and Equipment, of The 2018 Spring Reports of the Auditor General of Canada.”

We would like to thank the Committee for their work in preparing this report. The Government of Canada aims to take advantage of this opportunity to update the Committee on the significant progress and collaborative efforts by Public Services and Procurement Canada (PSPC), the Royal Canadian Mounted Police (RCMP), Shared Services Canada (SSC) and Canada Revenue Agency (CRA) to promote the sound stewardship of taxpayer dollars by disposing of surplus assets in a responsible and cost-effective manner, while ensuring greater transparency and accountability for decisions.

The Treasury Board of Canada Secretariat (TBS) provides guidance to help departments comply with Treasury Board policy requirements for the management of materiel over its life cycle. TBS collaborates with departments, including the audited departments, to identify best practices. Audited departments have participated in the TBS-led review of the material management policy and are supporting TBS on guidance to streamline the asset disposal process.

**Recommendation 1: That, by 30 June 2019, *Public Services and Procurement Canada, the Royal Canadian Mounted Police, and Shared Services Canada* provide the House of Commons Standing Committee on Public Accounts with a report outlining their revised asset life-cycle processes, including procurement, to facilitate and encourage the transfer and reuse of assets.**

Public Services Procurement Canada (PSPC), the Royal Canadian Mounted Police (RCMP), and Shared Services Canada (SSC) agree with the Committee’s recommendation to provide a separate, detailed report by 30 June 2019, outlining their revised life-cycle processes, including procurement, to facilitate

and encourage the transfer and reuse of assets.

#### **Public Services and Procurement Canada's Response**

A suite of actions are being pursued by PSPC to enhance the transfer and reuse of assets. As of March 2019, PSPC's assessment of asset life-cycle processes includes a review of its valuable asset criteria to better facilitate the determination of assets of value for transfer and reuse.

An in-depth analysis of assets by commodity group from fiscal year 2015 to date is being conducted to determine what commodities can effectively be re-used and/or disposed in a cost-effective manner. The analysis is on track for completion by September 2019. The results of this analysis will be used to inform a disposal plan for specific commodity groups, which will help optimize benefits for Government disposal decisions.

In the interim, proactive steps are being taken to promote the transfer of assets through existing platforms. For example, efforts are being dedicated to improve how PSPC tracks its assets of value to better identify opportunities for transfer and reuse. As well, PSPC is exploring options to improve the functionality of the Government of Canada's reuse online platform (GCTransfer) as a means of encouraging the transfer of useful assets; and has also implemented a decision-making template for asset disposal to standardize and streamline its asset life-cycle management processes.

#### **Royal Canadian Mounted Police's Response**

The RCMP is required to take into consideration the uniqueness of its obligations with its contracting partners prior to effecting any procedural change relating to life-cycle processes. This is especially relevant as it pertains to the transfer and re-use of assets.

The RCMP is currently reviewing its life-cycle processes and has identified the need for a force-wide communication strategy to promote the reuse of assets prior to the procurement phase, as well as the disposal phase of the life-cycle. This communication strategy will be further supplemented by a detailed, internal disposal guidance document. In the interim, draft internal disposal guidance document has been created, and the RCMP is on track to conclude the disposal process review, with the disposal guidance document and the related communication strategy to be completed by June 30, 2019.

Furthermore, instead of creating a RCMP solution for the re-use of RCMP assets, the RCMP is consulting with PSPC on the feasibility of using the existing GCTransfer platform to better facilitate the internal redistribution of RCMP assets.

#### **Shared Services Canada's Response**

Shared Services Canada (SSC) has established a standard which outlines the parameters that cost centre managers must follow to facilitate and encourage transfer of surplus materials. In fall 2018, SSC established and implemented an interim solution in response to the Office of the Auditor General of Canada (OAG) audit and to help facilitate the establishment and implementation of the

disposal end state that is part of the Enterprise Asset Management (EAM)-Target Operating Model (TOM). The EAM-TOM, which was drafted in the summer of 2018, provides processes, defined by levels (1-4) for materiel assets through their life cycle to ensure national standards and consistency for life-cycle management.

The SSC EAM-TOM also sets out principles guiding the management of assets, establishes clear accountabilities and provides policy requirements and guidelines consistent with Treasury Board Materiel Management Policies.

The SSC EAM-TOM also includes several tools. For example, in spring of 2018, SYNERGi, an SSC collaboration platform, was used to develop the SSC surplus materiel site that was launched in September 2018, to advertise assets that are no longer required within SSC branches but may have a benefit to other SSC branches. Moreover, in fall 2018, a standard transfer agreement was ready to be used to facilitate the direct transfer with other government departments in cases where SSC reached out to them directly.

SSC will continue to monitor and assess the standard and look for opportunities for improvement interdepartmentally.

**Recommendation 2: That, by 30 September 2019, the *Canada Revenue Agency, Public Services and Procurement Canada, the Royal Canadian Mounted Police, and Shared Services Canada* provide the House of Commons Standing Committee on Public Accounts with a report outlining their revised internal processes to facilitate the donation of surplus assets.**

The Canada Revenue Agency (CRA), Public Services Procurement Canada (PSPC), and the Royal Canadian Mounted Police (RCMP), and Shared Services Canada (SSC) agree with the Committee's recommendation to present a separate, detailed report by 30 September 2019, outlining their revised internal processes to facilitate the donation of surplus assets.

#### **Canada Revenue Agency's Response**

The CRA has reviewed its policy direction on assets management to identify the opportunities to improve current processes, both to allow for an increase in the use of donations as a disposal method and to streamline the overall asset management processes. The Materiel Disposal Procedures will be updated by September 2019.

The CRA has made efforts to focus its review on the Agency's internal materiel disposal process to facilitate transfers and donations of its surplus assets. To this effect, the CRA has actively encouraged its organizations to consider more donations as a method of disposal and this effort alone has resulted in an increase of donations compared to the audit period. Identifying and selecting potential recipients in a fair and transparent manner continues to be challenging, so donations of low-value assets are promoted on a case-by-case basis. The CRA is actively seeking opportunities to further leverage the established processes of existing donation programs such as the Community Volunteer Income Tax Program to expand the scope of donations.

The CRA expects that the process of donations will become clearer and may further increase donations once the CRA develops a web-based system. The Asset Management Portal, which is in the requirements definition stage, will be a one stop shop that guides the user to make appropriate disposal decisions in accordance with CRA policy direction and internal processes.

The CRA has been an active participant on various interdepartmental committees and working groups related to the Materiel Management Policy Reset, and has offered and shared its knowledge, tools (Surplus Assets Website) and best practices with other departments. The CRA will continue to work with other government departments to explore a broader, integrated horizontal approach across government to facilitate an efficient, fair and transparent donation process for both the donor departments and the receiving organization.

#### **Public Services and Procurement Canada's Response**

PSPC is encouraging the donation of surplus assets by reviewing internal processes and participating in Government-wide policy initiatives on asset and materiel management.

To enhance the efficiency of donations, PSPC is reviewing an internal process to promote the donation of assets through participation in a donation proof of concept exercise. The outcomes from the proof of concept will lead to a subsequent pilot to validate PSPC's donation strategy as part of a broader effort to improve upon and explore new avenues for the disposal process.

PSPC's response to Recommendation 4 speaks to the proof of concept in further detail.

#### **Shared Services Canada's Response**

SSC information technology (IT) surplus is following the mandated Treasury Board disposal guidance to offer/donate IT materiel as the first right of refusal to the Computers for Schools program, which also ensures e-waste stewardship by disposing of SSC's IT materiel above provincial standards. Additionally, in the spring of 2018, SSC has approached Innovation, Science, and Economic Development (ISED) to include mobile devices as part of the Computer for Schools mandate, which was endorsed by the TBS and communicated to federal departments in the winter of 2018, that the program has expanded to include tablets and smart phones, which are in high demand by Computers for Schools (CFS) clients. For materiel that is refused by CFS and is operational, the EAM-TOM for disposal identifies a standard process to donate surplus materiel assets to recognized charities and non-profit organizations, which includes:

- the selected recipient is in good standing;
- the selected recipients have been selected in a way that would be perceived as fair and transparent; and
- the standard donation agreement established in the fall of 2018 is signed by both parties (recipient and SSC).

The Donation Agreement, created in spring 2018, has been developed to help facilitate and streamline the process of donations and to ensure a standard is used

across the Department. It identifies the responsibilities of ownership and costs associated with the transfer and is signed by both parties.

#### **Royal Canadian Mounted Police's Response**

The RCMP is currently reviewing its internal processes relating to the donation of surplus assets and has identified the need for more detailed direction on this method of disposal. A draft internal disposal guidance document will be enhanced to include process maps specifically relating to the donation process. This guide is on track to be released and implemented by 30 June 2019.

The RCMP is currently participating in government-wide initiatives to promote donations of assets, including ongoing collaboration with PSPC on proof of concept exercise for donations, while exploring mechanisms for the donation of RCMP assets that ensure fairness and transparency.

**Recommendation 3: That, by 30 June 2019, *Public Services and Procurement Canada, the Royal Canadian Mounted Police, and Shared Services Canada* provide the House of Commons Standing Committee on Public Accounts with a report outlining their revised policies regarding keeping sufficient documentation to justify the disposal methods that they selected, standardizing their forms to ensure consistency, and considering all factors when making disposal decisions, such as disposal cost, asset value, and environmental impact.**

Public Services and Procurement Canada (PSPC), the Royal Canadian Mounted Police (RCMP), and Shared Services Canada (SSC) agree with the Committee's recommendation to provide a separate, detailed report by June 30, 2019, outlining their revised policies regarding keeping sufficient documentation to justify the disposal methods that they selected, standardizing their forms to ensure consistency, and considering all factors when making disposal decisions, such as disposal cost, asset value, and environmental impact.

#### **Public Services and Procurement Canada's Response**

Public Services and Procurement Canada (PSPC) has made significant progress on implementing a standardized documentation process that ensures that asset disposal decisions provide the best overall outcome for the Crown.

To ensure that quick action is being taken on enhancing transparency for disposal decisions, guidelines and standardized forms to guide decision-making have been finalized and implemented. Documentation of disposal processes now use a standardized disposal decision-making template to justify disposal decisions. This documentation includes guidance on various factors that must be considered in disposal decisions, including criteria for different types of assets, and a cost benefit analysis which must include administrative and storage costs. This decision-making framework will ensure that asset decisions are made with stronger due diligence and are informed by sound asset analysis, to maximize benefits.

### **Royal Canadian Mounted Police's Response**

The RCMP will be using the lessons learned from the disposal of materials following the 2018 G7 Summit to enhance its draft internal disposal guidance document. This is an opportunity to identify and standardize the justification criteria and factors that need to be considered in disposal decisions.

The RCMP is continuing to assess the ability to modernize disposal through an electronic approval process which would incorporate justification of disposal decisions and result in standardized documentation. Part of this assessment is identifying efficiencies to be gained by incorporating the disposal form and the electronic approval process in a one-phase approach and whether these efficiencies outweigh the delay in timelines originally proposed by the RCMP. A standardized disposal form has been drafted and is on track for completion by June 30, 2019.

### **Shared Services Canada's Response**

To facilitate progressive dialogue and engagement with stakeholders, a workshop will be conducted for each EAM life-cycle phase. The disposal workshop scheduled in April 2019 will provide an opportunity to identify stakeholders and participants and introduce the disposal level 1-3 process maps and policy requirements. Level 4 procedures will be developed following input and feedback received from the Workshop, giving stakeholders an opportunity to improve level 1-3 processes.

As noted above, the EAM model, developed in fall 2018, has been established and provides level-based processes for each method of disposal. Additionally, in winter 2018, as part of the disposal process, SSC developed:

- A summary table which identifies methods of disposal for each materiel group; and
- A selection Guide which identifies the formula for cost benefit analysis and considerations for determining the optimum disposal method.

To facilitate transparency and fairness in the disposal of surplus goods, SSC is currently using a Disposal Request Form which was established in the fall of 2018 to facilitate an integrated horizontal approach across the Department to identify surplus material and the recommended methods of disposal and approval from the delegated authority. All documentation that is associated with each request is saved under a file name in the SSC Document Management System.

The workshop for disposal is planned for April 2019 and a phased implementation "proof of concept" for new disposal processes in selected areas is planned for the fall of 2019. The proof of concept findings will be used to help finalize the disposal EAM end-state implementation planned for 2020-2021.

SSC will continue to review and update its processes and provide the necessary tools and training to stakeholders, including modernizing the CFS to streamline the disposal process and conducting national training session(s) to introduce the disposal processes and associated policy requirements.

**Recommendation 4: That, by 30 June 2019, *Public Services and Procurement Canada* provide the House of Commons Standing Committee on Public Accounts with a report outlining its revised policies regarding the development and implementation of a new service for federal organizations to better encourage the donation and reuse of assets across government.**

Public Services and Procurement Canada (PSPC) agrees with the Committee's recommendation to provide a separate, detailed report by June 30, 2019 outlining the revised policies regarding the development and implementation of a new service for federal organizations to better encourage the donation and reuse of assets across government.

PSPC is undertaking a multi-faceted strategy to promote the donation and reuse of assets as a common service provider. Specifically, PSPC committed to four Milestones in its initial response to the OAG's audit:

- **Milestone A:** PSPC will complete an analysis of assets by class to determine whether they could be transferred for donation or reuse.
- **Milestone B:** PSPC will revise its life cycle management guidelines to include updates on asset transfers for donation and reuse.
- **Milestone C:** PSPC will determine how best to engage, communicate and highlight the importance of asset transfers within government, and the role of the GCTransfer tool.
- **Milestone D:** PSPC, as a common service provider, will conduct a proof of concept and subsequent pilot for donations.

Recent actions undertaken to examine further donation and transfer opportunities as part of Milestone A include a robust and in-depth analysis of commodity groups, which is currently in progress. Additionally, PSPC continues to work towards reporting on the transferability and reusability of assets, including evaluating geographical impacts that could be associated with various commodities to take advantage of transfer or donation opportunities when presented.

Significant progress is being made to implement Milestone B commitments. Specifically, PSPC is working to develop material on the Government of Canada's internal wiki, GCPedia, to emphasize to departments the importance of donations and reuse of assets within the federal portfolio.

Under Milestone C, PSPC is implementing a variety of measures to draw attention to GCTransfer and the transfer of assets. This includes ensuring that PSPC informs clients of disposal options that include transferring assets, as well as a new Outreach and Marketing plan. Starting in October 2018, PSPC began working with TBS and the Canada School of Public Service on a review and overhaul of training material for asset management and disposal and identify training gaps. Lastly, PSPC will introduce a new communications strategy to advise material managers and employees Government-wide about GCTransfer.



For Milestone D, as noted previously, PSPC launched a proof of concept on June 2018 within the National Capital Region to test the feasibility of a PSPC-led centralized donations program and to test the market for donated low-dollar value assets. The proof of concept includes various asset classes and donation/transfer approaches to determine whether they would be suitable for donation or reuse. A new pilot project is expected to expand to other regions and include departmental partners, starting in April 2019, for a period of one year. Results will assist in evaluating potential risks, determine cost effectiveness and market capability to support the program, and inform next steps for revising life-cycle management guidelines and related communications within government.

The steps undertaken by PSPC will be instrumental to informing a potential enterprise solution for transfers and donations, while effectively leveraging the Department's expertise as a common service provider for federal Departments, and improve service delivery for clients.

Once again, the Government of Canada would like to thank the Committee for their work in preparing this report. The Committee's input will be invaluable for assisting the Government in implementing new tools and initiatives to dispose of assets in a cost effective and responsible manner, and ensure the sound stewardship of taxpayer dollars by maximizing benefits for Canadians.

Yours Sincerely,



Carla Qualtrough, P.C., M.P.



Ralph Goodale, P.C., M.P.



Diane Lebouthillier, P.C., M.P.